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**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

IN RE

PETITION OF KALAMA TELEPHONE
COMPANY TO RECEIVE SUPPORT
FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES
PROGRAM

DOCKET NO.

PETITION FOR SUPPORT

COMES NOW Kalama Telephone Company (the "Company") and, pursuant to Chapter 480-123 of the Washington Administrative Code ("WAC"), including, but not limited to, WAC 480-123-110, hereby petitions the Washington Utilities and Transportation Commission (the "Commission") to receive support from the Universal Communications Services Program (the "Program") for the Program year 2021.

I. Demonstration of Eligibility under WAC 480-123-100

1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC 480-120-021 that serves fewer than forty thousand access lines within the state.

- 1 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined
2 in 47 U.S.C. Sec. 251(h).
- 3 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange
4 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 5 4. WAC 480-123-100(1)(d): The Company has established a plan, as described in WAC 480-
6 123-110, to provide, maintain or enhance broadband service (see II.4, below).
- 7 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an
8 eligible telecommunications carrier ("ETC") for purposes of receiving federal universal
9 services support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for
10 High Cost Areas with respect to the service areas for which the Company is seeking
11 Program support.

12 **II. Demonstration of Eligibility under WAC 480-123-110**

- 13 1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications
14 services and is seeking Program support is as follows: Kalama Telephone Company
- 15 2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between
16 the Company and affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.¹ A
17 detailed description of any transactions between the Company and the affiliates named in
18 Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.²
- 19 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet No.
20 20 of the Company's Tariff WN U-1.

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23 ¹ Pursuant to agreement with Commission Staff, Exhibit 1 is limited to those affiliates having transactions with the
24 Company that are to be identified in Exhibit 2.

25 ² Pursuant to agreement with the Commission Staff, Exhibit 2 is limited to transactions other than employment
26 compensation and benefits pursuant to employee benefit plans.

- 1 4. WAC 480-123-110(1)(d): The Company's broadband plan to provide, maintain, or enhance
2 broadband services in its service area is attached hereto as Exhibit 3.
- 3 5. WAC 480-123-110(1)(f): A sworn statement by a Company officer certifying that the
4 Company complies with state and federal accounting, cost allocation, and cost adjustment
5 rules pertaining to incumbent local exchange carriers applicable to the Company is attached
6 hereto as Exhibit 4.
- 7 6. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
8 the Company as of December 31, 2019, was 1,659. The number of residential local
9 exchange access lines served by the Company as of December 31, 2018, was 1671. The
10 number of business local exchange access lines served by the Company as of December 31,
11 2019, was 534. The number of business local exchange access lines served by the Company
12 as of December 31, 2018, was 534. The number of "25/3" broadband service connections
13 served by the Company or a Company affiliate as of December 31, 2019, within the service
14 area for which the Company is seeking Program support was [REDACTED].³ The number of
15 broadband service connections served by the Company as of December 31, 2018, within the
16 service area for which the Company is seeking Program support was [REDACTED].³ The unbundled

18 ³ "25/3" refers to the minimum, nominal download and upload speeds, respectively, of the broadband service
19 offering to which the customer subscribes, and the counts of service connections that are provided in the
20 sentences to which this footnote is attached include service connections for which the nominal download and
21 upload speeds are 25/3 or higher. As used in the principal text, the term "broadband service" is understood
22 to refer to "broadband service," as defined in WAC 480-123-020, which, in turn, incorporates minimum
23 download and upload speed standards established by Commission rule or order. For the Commission's
24 most recent establishment of minimum download and upload speed standards, see Paragraph 15 of the
25 Commission's order, dated May 27, 2020, in Docket No. UT-190437. The total number of broadband service
26 connections served by the Company or its affiliate within the service area for which the Company is seeking
Program support, without regard to the speed tier selected by the customer, as of December 31, 2019, and
December 31, 2018, was [REDACTED], respectively. Many of the broadband service connections served
by the Company or its affiliate for customers who choose to subscribe to broadband service offerings that are
less robust than "25/3" are capable of providing "25/3" broadband service or better if the customer were to so
choose.

1 monthly basic rate charged by the Company for residential local exchange access service on
2 December 31, 2019, was \$18.00. The unbundled monthly basic rate charged by the
3 Company for residential local exchange access service on December 31,
4 2018, was \$18.00. The unbundled monthly basic rate charged by the Company for single
5 line business local exchange access service on December 31, 2019, was \$21.00. The
6 unbundled monthly basic rate charged by the Company for single line business local
7 exchange access service on December 31, 2018, was \$21.00. (The Company has other
8 business local exchange service rates, but the Company understands that WAC 480-123-
9 110(1)(g) is requesting the single line business local exchange access service rate. The
10 unbundled monthly basic rates charged by the Company or its affiliate for broadband service
11 as of December 31, 2019, and as of December 31, 2018, within the service area for which
12 the Company is seeking Program support are set out in Exhibit 5 attached hereto.

- 13 7. WAC 480-123-110(1)(h): The requested statements are attached hereto as Exhibit 6.
- 14 8. WAC 480-123-110(1)(h)(i): A sworn statement by a Company officer certifying that the
15 Company is in compliance with the Federal Communications Commission's obligation for
16 deployment of broadband at speeds specified by the Federal Communications Commission
17 applicable to the Company and that the Company meets one of the eligibility criteria set out
18 in WAC 480-123-110(1)(j)(ii), (iii) or (iv) is attached hereto as Exhibit 7.
- 19 9. All exhibits attached hereto are incorporated into this Petition as though fully set forth.

20
21 Respectfully submitted this 31st day of July, 2020.

22 KALAMA TELEPHONE COMPANY

23
24 By 

25 Steven D. Hanson, President

CERTIFICATION

1
2 I, Steven D. Hanson, an officer of the Company that is responsible for the Company's
3 business and financial operations, in that capacity hereby certify that the information and
4 representations set forth in the Petition, above, are accurate and the Company has not knowingly
5 withheld any information required to be provided to the Commission pursuant to the rules
6 governing the Program.
7

8 I declare under penalty of perjury under the laws of the State of Washington that the
9 foregoing is true and correct.

10 Signed this 31st day of July, 2020, at Tenino, Washington.

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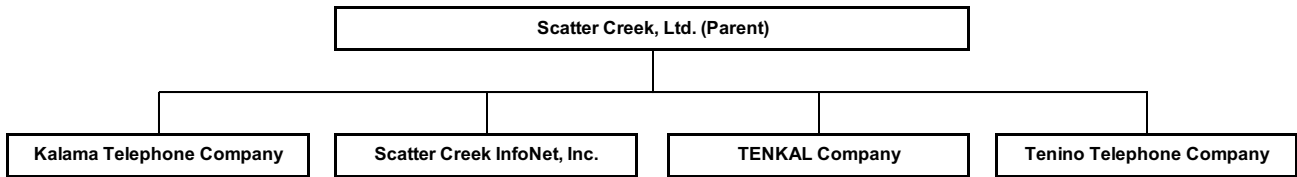
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14 Steven D. Hanson
15 President
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**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 1**

EXHIBIT 1

CORPORATE ORGANIZATION CHART

**Corporate Organization Chart
for Kalama Telephone Company**



**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 2**

EXHIBIT 2

AFFILIATED TRANSACTIONS

SCATTER CREEK, LTD. (Parent): Scatter Creek, Ltd. (Parent) acts as a common paymaster for the Kalama Telephone Company (Company) and some of its affiliates. The Parent also provides billing and operational systems support for the Company. The Parent has advanced funds to the Company for operational support and to extinguish Company debt. Due to the long term nature of the advance, the Company accrues interest expense on the advanced funds on the average monthly balance of advanced funds. Certain shareholders holding, directly or indirectly, five percent or more of the stock of the Company are also employees of the Company and receive from the Company's employment compensation together with employment-associated benefits in accordance with benefit plans that are in place.

Scatter Creek InfoNet, Inc. (affiliate): Scatter Creek InfoNet, Inc. (SCIN) is an affiliate of the Company that is an internet service provider. SCIN purchases from the Company DSL service on a wholesale basis, Ethernet Transport Service, and Special Access Service. The pricing for these services is set by the National Exchange Carrier Association (NECA) Tariff FCC No. 5. SCIN purchases local business access lines from the Company. These lines are used for customer service and dial-up internet service. The rates charged to SCIN by the Company for these lines are set forth in the Company's Tariff WN U-1. The Company purchases from SCIN web hosting service, email delivery and internet access at rates equivalent to the rates SCIN charges to its similarly situated retail customers.

TENKAL Company (affiliate): TENKAL Company (TENKAL) provides long distance service to customers in the Company's service territory using the DBA of Scatter Creek Communications. TENKAL purchases local business access lines from the Company. These lines are used for customer service. The rates charged to TENKAL by the Company for these lines are set forth in the Company's Tariff WN U-1. The Company purchases long distance service from TENKAL at rates equivalent to those TENKAL charges to its similarly situated retail customers. The Company provides billing and collection service for TENKAL. The rates charged to TENKAL by the Company for billing and collection service are set forth in the Company's Tariff WN U-1.

Tenino Telephone Company (affiliate): On occasion an employee of either Telephone Company will perform work for the other Telephone Company. The actual payroll and overheads associated with the hours worked are reimbursed by the Telephone Company benefitting from the work performed.

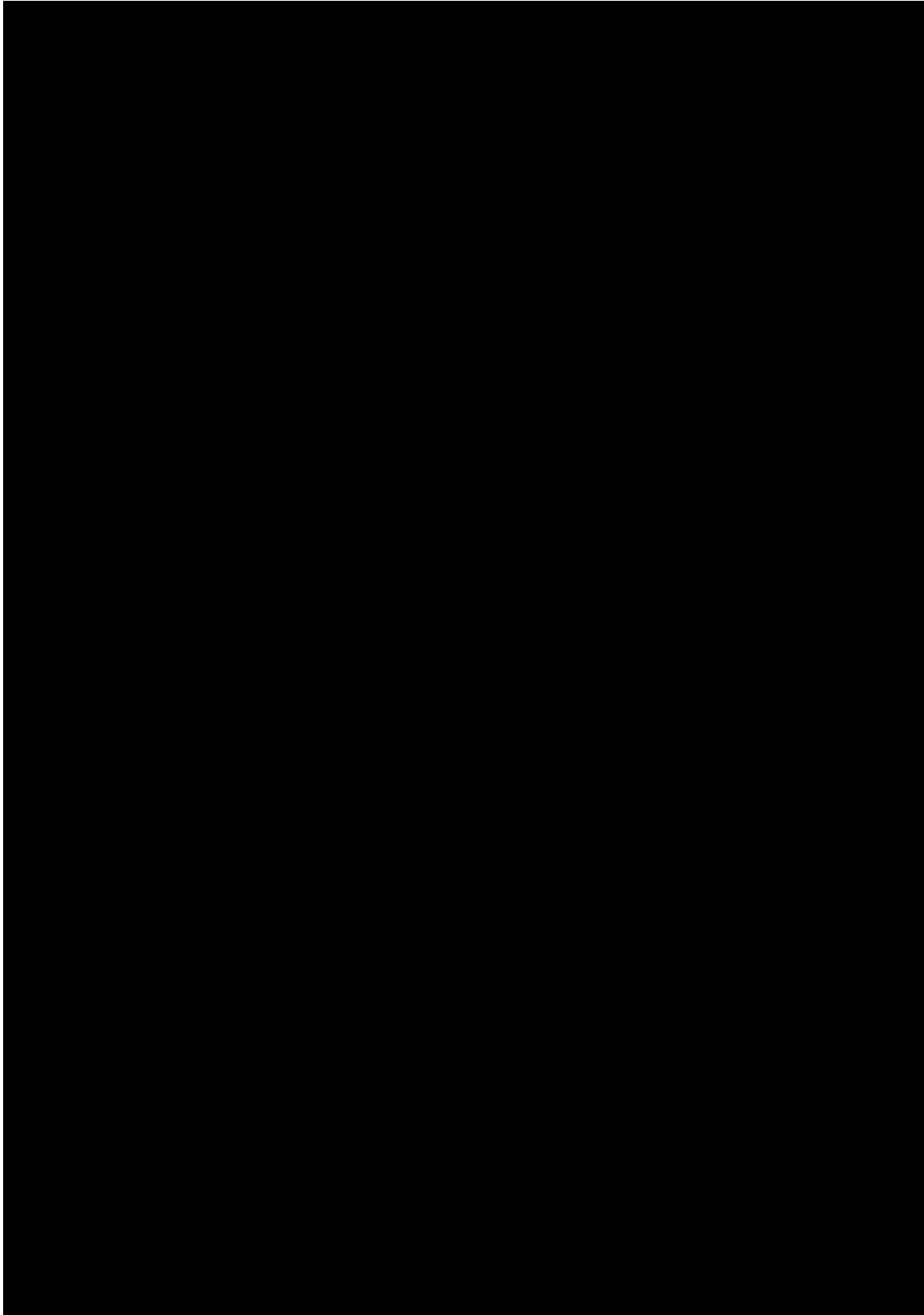
**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 3**

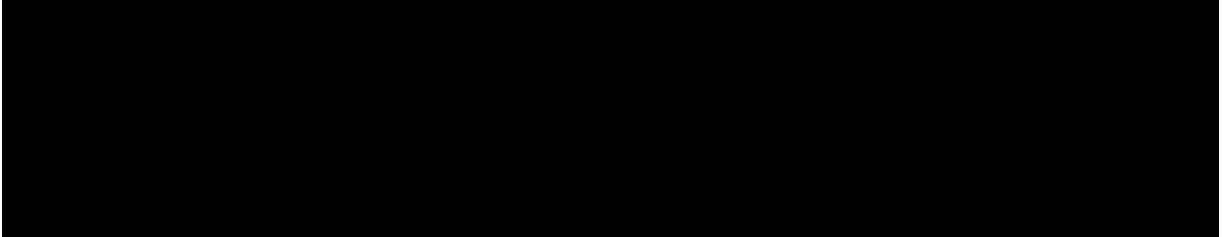
EXHIBIT 3
BROADBAND PLAN

Pursuant to RCW 80.36.650(3)(a)(ii), a recipient of support from the state Universal Communications Services Program established by RCW 80.36.650 is to have adopted a plan to provide, enhance, or maintain broadband services in its service area. As set out in WAC 480-123-110(1)(d), the broadband plan is to include specific elements, but only to the extent applicable to that particular broadband plan. The broadband plan does not have to include all elements, but potential elements include the following: (1) a multi-year investment plan; (2) specific projects that are projected to provide or enhance broadband service at speeds required by the Commission or the Federal Communications Commission; (3) a plan for maintenance of broadband services in the provider's service area; (4) a description of how the provider will enhance broadband services in its service area; and (5) any other information that the Commission may request to assist in the Commission's review and analysis of the provider's broadband plan. Where there are specific projects, the project information is to include an estimated timeline, geographic location, number of locations passed, and upload and download speeds that are projected to be produced by the project.

Kalama Telephone Company ("Company") is planning to engage in a broadband infrastructure construction program in 2021 and subsequent years.¹ While it is not feasible to provide a detailed description of plans beyond 2021, the Company is committing to meet the buildout requirements as specified by the Federal Communications Commission as applying to the Company and the number of additional locations established by the Washington Utilities and Transportation Commission for the Company. If those goals are not met by the 2021 construction program, additional construction plans will be developed for subsequent years to the extent adequate funding is available, including support from the Program. The specific projects planned for 2021 are as follows:

¹ The Company's broadband plan may be affected by any number of factors. One such factor is the availability of materials and supplies. Plans are also subject to obtaining building or construction permits, in some cases rights-of-way, and other factors. The Company has little, if any, control over the permitting process. Nor can the Company be certain that rights-of-way will be available on reasonable terms and conditions. Other factors outside of the control of the Company may also affect the broadband plan. For example, epidemic, severe weather, accidents or earthquakes are items that may affect the timing for projects listed below in the broadband plan. If, for example, severe weather damages existing facilities, it may be necessary for the Company to refurbish or rebuild existing facilities rather than continue or engage in a project listed in the broadband plan. The foregoing list of factors that can affect the broadband plan is meant to be illustrative and is not exhaustive.





In addition, the Company plans to maintain its existing voice and broadband network during 2021. The Company's projected annual direct and indirect operational costs associated with its voice and broadband network, including costs of maintenance and repair (but excluding depreciation) of the Company's voice and broadband network, for 2021 is approximately



The infrastructure construction program for 2021 described above was adopted by the Company on May 1, 2020.

Dated: July 31, 2020

**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 4**

EXHIBIT 4

CERTIFICATION RELATING TO ACCOUNTING STANDARDS

I, Steven D. Hanson, am an officer of Kalama Telephone Company (“Company”) and, in that capacity, hereby certify that the Company complies with state and federal accounting, cost allocation, and cost adjustment rules pertaining to incumbent local exchange carriers applicable to the Company.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Signed this 31st day of July, 2020, at Tenino, Washington.



Steven D. Hanson
President

**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 5**

EXHIBIT 5

UNBUNDLED MONTHLY RATES CHARGED FOR BROADBAND SERVICE

Kalama Telephone Company, through its affiliate, Scatter Creek InfoNet, Inc., offered the following broadband service levels:

	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Broadband Service (nominal speeds)		
Starter ¹ (640kbps/320kbps)	\$29.95	\$29.95
Starter ¹ (2mbps/512kbps)	\$35.95	\$35.95
3Meg ¹ (3mbps/512kbps)	\$45.95	\$45.95
Basic (6mbps/1mbps)	\$49.95	\$49.95
Choice (12mbps/2mbps)	\$59.95	\$59.95
Prime (25mbps/5mbps)	\$65.95	\$65.95
Optimal (50mbps/10mbps)	\$75.95	\$75.95
Fiber 100/20 (100mbps/20mbps)	\$99.95	\$99.95
Fiber 200/50 (200mbps/50mbps)	Not Available	\$154.95
Business Class Fiber 50/50 (50mbps/50mbps)	\$149.95	\$149.95
Business Class Fiber 100/100 (100mbps/100mbps)	\$249.95	\$249.95
Business Class Fiber 200/200 (200mbps/200mbps)	Not Available	\$349.95

¹ This internet package is grandfathered. Existing subscription to the package may continue. New subscribers are not allowed to subscribe to this package.

**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 6**

EXHIBIT 6

CONTINUED OPERATIONS CERTIFICATE

I, Steven D. Hanson, am an officer of Kalama Telephone Company (“Company”) and, in that capacity, hereby certify that if the Company receives Program support, (i) the Company will continue to provide communications services pursuant to its tariffs on file with the Commission throughout its service territory in Washington for which the Company is seeking and receives Program support and (ii) the Company or its affiliate will continue to provide broadband services in the area for which the Company receives Program support during the entirety of the Program year 2021.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Signed this 31st day of July, 2020, at Tenino, Washington.



Steven D. Hanson
President

**PETITION OF KALAMA TELEPHONE COMPANY TO
RECEIVE SUPPORT FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM –
EXHIBIT 7**

EXHIBIT 7

CERTIFICATION OF ELIGIBILITY

I, Steve Hanson, am an officer of Kalama Telephone Company (“Company”) and, in that capacity, hereby certify that the Company is in compliance with the Federal Communications Commission's obligations for deployment of broadband at speeds specified by the Federal Communications Commission that apply to the Company.

Further, in that capacity, I hereby certify that the Company commits to the deployment of broadband to the number of locations the Washington Utilities and Transportation Commission has determined by order.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Signed this 31st day of July, 2020, at Tenino, Washington.



Steven D. Hanson
President